

Calgary Assessment Review Board

DECISION WITH REASONS

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

Concert Real Estate Corporation, (as represented by Altus Group),

COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

**T. B. Hudson, PRESIDING OFFICER
Y. Nesry, BOARD MEMBER
J. Lam, BOARD MEMBER**

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2013 Assessment Roll as follows:

ROLL NUMBER: 047044003

LOCATION ADDRESS: 3110 12 ST NE

FILE NUMBER: 72269

ASSESSMENT: \$5,080,000

This complaint was heard on the 29th day of July, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- *M. Robinson*

Appeared on behalf of the Respondent:

- *M. Hartmann*
- *L. Cheng*

Board's Decision in Respect of Procedural or Jurisdictional Matters:

There were no procedural or jurisdictional raised by the parties.

Property Description:

[1] The subject is an IWS type industrial property zoned I-G, and located at 3110 12 ST NE in Calgary. The site area is 2.22 acres, and the improvement is one building constructed in 1998. The building has a net rentable area of 35,200 square feet(sf.), with 33% office finish. Site coverage is 36.33%. The assessment was calculated based on the direct sales comparison approach to a total value of \$5,080,000(rounded), or \$144.39 per square foot (psf.).

Issue:

Is the current assessment in excess of market value?

Complainant's Requested Value: \$3,660,000(rounded), or \$104psf.

Board Decision on the Assessment: The assessment is confirmed at \$5,080,000(rounded).

Legislative Authority, Requirements and Considerations:

[2] The Composite Assessment Review Board(CARB), derives its authority from Part 11 of the Municipal Government Act (MGA) RSA 2000:

Section 460.1(2): Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).

[3] For purposes of the hearing, the CARB will consider MGA Section 293(1):

In preparing the assessment, the assessor must, in a fair and equitable manner, apply the valuation and other standards set out in the regulations, and follow the procedures set out in the regulations.

[4] The Matters Relating to Assessment and Taxation Regulation(MRAT) is the regulation referred to in MGA section 293(1)(b). The CARB consideration will be guided by MRAT Part 1 Standards of Assessment, Mass appraisal section 2:

*An assessment of property based on market value:
must be prepared using mass appraisal,
must be an estimate of the value of the fee simple estate in the property, and
must reflect typical market conditions for properties similar to that property.*

Position of the Parties on the Market Value Issue:

Complainant's Position

[5] In support of their request for a reduced assessment based on \$104psf., the Complainant submitted the sale of four comparable IWS type industrial properties,(Exhibit C1 page 18). Net rentable areas ranged from 28,358 to 51,200sf., parcel sizes from 1.8 to 2.6 acres, and site coverage from 31 to 49%. Year of construction ranged from 1972 to 1998, and prices at the time of sale from \$81 to \$125psf. The request for an assessment reduction is based on the median of the four sale prices.

[6] The Complainant submitted a Commercial Edge report(Exhibit C2 page 4), with respect to the Respondent's best comparable sale at 655 42 AV NE, which includes a note that an Affidavit of Transferee indicates an opinion of the the value at \$4,500,000(Exhibit C2 page 6).

[7] The Complainant argued that the Board should place little weight on the time adjustment factors applied by the Respondent, because the explanation of the chart in Exhibit R1 page 32, was weak at best.

[8] However, the Complainant submitted the September 2008 sale of the subject property for consideration, and used the Respondent's factors to time adjust the sale price to \$3,480,000(rounded) or \$99psf.

Respondent's Position

[9] The Respondent submitted a sale comparables chart (Exhibit R1 page 17), listing four sales of industrial properties zoned I-G, all located in the NE industrial region. Net rentable areas ranged from 26,984 to 42,504sf., parcel sizes from 1.48 to 3.03 acres and site coverage from 31.40 to 49.43%. Year of construction ranged from 1990 to 1998, and time adjusted sale prices from \$132.57 to \$151.94psf.

[10] The Respondent identified the sale at 655 42 AV NE as the best comparable property to the subject, and the time adjusted sale price of \$151.94 supports the assessment.

[11] The Affidavit of Transferee with respect to the sale at 665 42 AV NE included in the rebuttal of the Complainant, clearly states that the true consideration paid by the Transferee was \$4,100,000, cash and mortgage.(Exhibit C2 page 6).

[12] The Respondent noted, that two of the four sale comparables submitted by the Complainant were constructed more than twenty years prior to the subject, and should not be considered good comparables. The other two sale comparables support the assessment when the sale prices are time adjusted.

[13] The Respondent also submitted an assessment equity chart of eight comparable properties(Exhibit R1 page 19), with assessments ranging from \$128.65 to \$152.33psf.

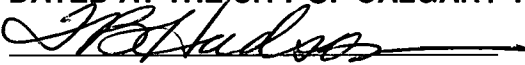
Board Reasons for Decision:

[14] Two of the four Complainant's property sale comparables(i.e. 3640 11A ST NE, and 2559 29 ST NE), support the assessment, based on time adjusted sale prices of \$133 and \$135psf. respectively. The remaining two sales were of properties constructed in the 1970's, versus the subject in 1998.

[15] The Board considered the concern of the Complainant in regard to the lack of adequate explanation of the meaning of the graph in Exhibit R1 Page 24, and the time adjustment factors applied by the Respondent. However, the Board determined that the information provided above the graph, is sufficient to allow application of the factors to the sale prices of the comparables in order to adjust prices to a reasonable estimate of market sale value on the valuation date of July 1, 2012.

[16] The Board placed no weight on the dated(2008), sale of the subject property.

DATED AT THE CITY OF CALGARY THIS 23 DAY OF August 2013.



T. B. Hudson

Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. R1	Respondent Disclosure

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*

For MGB Administrative Use Only

<i>Decision No. 72269P-2013</i>			<i>Roll No.047044003</i>	
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Warehouse I-G	IWS	Market Value	Comparable Sales